

Basin Electric Power Cooperative (Basin Electric), on a consolidated basis with its wholly owned subsidiaries, Basin Cooperative Services, Dakota Coal Company (Dakota Coal), and Dakota Gasification Company (DGC), and with its variable interest entity, The Coteau Properties Company (Coteau), presents its financial statements for the nine-month periods ended September 30, 2020 and 2019. The consolidated net margin and earnings for the periods were \$116.9 million and \$122.6 million, respectively.

Total electric sales for the first nine months of 2020 were 23.5 million megawatt hours (MWh), generating revenue of \$1.3 billion. Total MWh sales were unchanged and total revenue from sales decreased by \$39.7 million from the same period last year. Year-to-date electricity sales to Basin Electric's Class A and D members were 19.6 million MWhs generating \$1.2 billion of revenue, which represents a slight decrease in MWh sales and a 2.4 percent decrease in revenue from the same period last year. Member sales revenue decreased largely due a decrease in average rates. Non-member sales volumes increased during the first nine months of 2020 compared to the same period in 2019 by 3.1 percent whereas revenue decreased by \$10.1 million or 9.7 percent. Nonmember revenue was lower primarily due to decreased prices. Operations and maintenance expense decreased \$96.6 million during the first nine months of 2020 compared to the same period in 2019 largely due to lower maintenance, transmission wheeling, purchased power expenses and fuel expenses.

The net loss for DGC for the first nine months of 2020 and 2019 was \$89.5 million and \$34.3 million, respectively. The Great Plains Synfuels Plant (Synfuels Plant), owned and operated by DGC, sold 33.4 million dekatherms of synthetic natural gas (SNG) during the first nine months of 2020, which is 2.8 million dekatherms less than the volume sold during the same period in 2019. SNG revenue during the first nine months of 2020 was \$62.7 million compared to the revenue for the first nine months of 2019 of \$100.1 million. The average sales price for SNG, excluding market price adjustments on hedges, was \$1.92 per dekatherm for the first nine months of 2020 compared to an average sales price of \$2.69 during the same period in 2019.

Byproducts, coproducts and other operating revenue decreased by \$26.6 million or 15.1 percent for the first nine months of 2020 compared to the same period in 2019. Revenue from fertilizer and DEF products was lower for the first nine months of 2020 compared to the same period in 2019 by \$17.8 million primarily due to prices as volumes increased during the period compared to same period in 2019. Revenue from other byproducts was \$8.6 million lower for the first nine months of 2020 compared to the same period in 2019 primarily due to lower

volumes sold. Operating expenses at DGC were \$1.7 million lower for the first nine months of 2020 compared to the same period in 2019.

Dakota Coal is the supplier of lignite to Basin Electric's Antelope Valley Station and Leland Olds Station and the Synfuels Plant, and the supplier of lime to certain Basin Electric facilities and other regional power plants. Net income for Dakota Coal for the first nine months of 2020 was \$0.5 million compared to net income of \$9.0 million for the first nine months of 2019. Dakota Coal sold 1.0 million fewer tons of coal during the first nine months of 2020 than the same period in 2019.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operations of Basin Electric and its wholly owned subsidiaries and Coteau as of and for the nine-month periods ended September 30, 2020 and 2019. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2019 Annual Report.



Paul Sukut
Chief Executive Officer
and General Manager



Steve Johnson
Senior Vice President
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**BASIN ELECTRIC
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 

Financial information requests

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Equal Employment Opportunity Employer M/F/D/V



**Powering Together
2020**

3RD QUARTER REPORT

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

as of September 30 (dollars in thousands, except per share data)

	2020	2019
Assets		
Utility plant:		
Electric plant in service	\$ 7,210,726	\$ 7,157,107
Construction work in progress, net of contribution in aid of construction	61,952	(1,004)
Total electric plant	7,272,678	7,156,103
Less: accumulated provision for depreciation and amortization	(2,785,862)	(2,630,939)
	4,486,816	4,525,164
Nonutility property:		
Property, plant and equipment	1,515,743	1,533,831
Construction work in progress	5,805	7,868
Total nonutility property	1,521,548	1,541,699
Less: accumulated provision for depreciation and depletion	(523,161)	(494,835)
	998,387	1,046,864
Other property, investments and deferred charges:		
Mine related assets	122,126	112,692
Investments in associated companies	37,639	41,453
Restricted and designated cash and investments	37,500	74,744
Other investments	265,408	152,678
Special funds	63,651	56,626
Regulatory assets	535,752	542,748
Other deferred charges	1,361	4,354
	1,063,437	985,295
Current assets:		
Cash and cash equivalents	342,199	366,623
Restricted and designated cash and equivalents	189,529	109,721
Customer accounts receivable	166,221	166,228
Other receivables	76,351	86,841
Coal stock, materials and supplies	229,054	220,720
Prepayments and other current assets	54,501	46,411
	1,057,855	996,544
	\$ 7,606,495	\$ 7,553,867
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 21	\$ 21
Patronage capital	1,159,486	1,147,168
Retained earnings of subsidiaries	94,953	74,245
Other equity	344,450	343,151
Accumulated other comprehensive income (loss)	(17,760)	20,020
	1,581,150	1,584,605
Noncontrolling interest	1,800	2,189
	1,582,950	1,586,794
Long-term debt, net of current portion	4,339,314	4,438,147
Capital lease obligations, net of current portion	5,620	3,581
	5,927,884	6,028,522
Regulatory liabilities	169,820	81,787
Other deferred credits, taxes and other liabilities	496,946	470,919
	666,766	552,706
Current liabilities:		
Current portion of long-term debt	96,193	98,476
Current portion of capital lease obligations	990	1,257
Accounts payable	164,342	170,028
Notes payable – affiliates	338,550	289,980
Notes payable	274,294	274,144
Taxes and other current liabilities	137,476	138,754
	1,011,845	972,639
	\$ 7,606,495	\$ 7,553,867

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

for the nine months ended September 30 (dollars in thousands)

	2020	2019
Utility operations:		
Operating revenue:		
Sales of electricity for resale:		
Members	\$ 1,204,052	\$ 1,233,652
Others	93,725	103,784
	1,297,777	1,337,436
Other electric revenue	18,052	16,005
	1,315,829	1,353,441
Operating expenses:		
Operation	783,903	836,103
Maintenance	70,462	114,907
Depreciation and amortization	119,304	114,600
Taxes other than income	2,704	2,714
	976,373	1,068,324
Interest and other charges:		
Interest on long-term debt	146,107	149,438
Interest on short-term debt	4,524	8,930
Other	12,617	12,488
	163,248	170,856
Operating margin	176,208	114,261
Nonoperating margin:		
Interest and other income	24,725	28,448
Patronage allocations from other cooperatives	4,903	5,033
	29,628	33,481
Utility margin before income taxes	205,836	147,742
Nonutility operations:		
Operating revenue:		
Synthetic gas	62,726	100,114
Byproducts, coproduct and other	167,937	195,308
Lignite coal	83,978	95,425
	314,641	390,847
Operating expenses:		
Impairment (recovery) of assets	1,446	(4,538)
Operating expenses (includes \$13,459 and \$14,055 of net income attributed to noncontrolling interest)	429,808	434,408
	431,254	429,870
Operating loss	(116,613)	(39,023)
Interest and other income	11,061	5,094
Nonutility loss before income taxes	(105,552)	(33,929)
Margin before income taxes	100,284	113,813
Benefit from income taxes	(16,601)	(8,739)
Net margin and earnings	\$ 116,885	\$ 122,552

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

for the nine months ended September 30 (dollars in thousands)

	2020	2019
Operating activities:		
Net margin and earnings	\$ 116,885	\$ 122,552
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	159,471	158,431
Deferred income taxes	(16,734)	(8,870)
Changes in regulatory assets and liabilities	12,470	4,239
Unrealized gain on investments	(3,090)	-
Patronage capital	(8,046)	(8,693)
Change in collateral	(33,304)	(27,037)
Other amortization	3,690	3,407
Impairment of assets, net	1,446	(4,538)
Income attributable to noncontrolling interest	13,459	14,055
Changes in other operating elements:		
Customer accounts receivable	8,558	(3,817)
Other receivables	10,638	39,620
Coal stock, materials and supplies	(3,966)	(17,046)
Prepayments and other current assets	1,815	7,979
Accounts payable	(6,738)	525
Taxes and other current liabilities	47,057	22,481
Other operating activities, net	713	1,338
Net cash provided by operating activities	304,324	304,626
Investing activities:		
Acquisition of electric plant	(82,177)	(20,673)
Acquisition of nonutility property	(9,021)	(16,402)
Proceeds from sales of property	6,142	2,901
Purchase of investments	(119,602)	(12,670)
Sale of investments	163,396	8,509
Sale of other assets and payments received on notes receivable	4,612	4,600
Purchase of other assets and issuance of notes receivable	(809)	(8,026)
Net cash used in investing activities	(37,459)	(41,761)
Financing activities:		
Proceeds of long-term debt	10,241	150,000
Principal payments of long-term debt	(54,840)	(189,888)
Payment of debt issue costs	-	(1,454)
Proceeds of notes payable — affiliates	1,875,582	1,720,786
Payments of notes payable — affiliates	(1,809,066)	(1,597,866)
Proceeds of notes payable	795,428	902,486
Payments of notes payable	(860,147)	(1,031,731)
Payments under capital lease obligations	(909)	(1,065)
Retirement of patronage capital	(18,564)	-
Dividends paid to noncontrolling interest	(13,194)	(14,218)
Net cash used in financing activities	(75,469)	(62,950)
Net increase in cash and cash equivalents and designated cash and equivalents	191,396	199,915
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	340,332	276,429
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	\$ 531,728	\$ 476,344